GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1014
ANSWERED ON:05.08.2011
IT REFUND
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Will the Minister of FINANCE be pleased to state:

(a) the time specified for issue of Income Tax refund, if any;

(b) the extent of shortcoming in adhering to the specification alongwith the reasons therefor for each of the last three years and the current year; and

(c) the action taken for prompt settlement of refund claims?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) Processing of returns of income, including those with refund claims, is a continuous process. Statutory time limit to process returns of income is with reference to the financial year of their receipt. As per the Income Tax Act, 1961, the returns received during the financial year can be processed up to one year from the end of the financial year in which the return is received. Therefore, returns pertaining to F.Y. 2008-09 if filed during F.Y. 2009-10, can be processed upto 31.03.2011. But if it is filed during Financial Year 2010-11 then it can be processed upto 31.03.2012. Likewise, returns pertaining to F.Y. 2009-10 if filed during F.Y. 2010-11 can be processed upto 31.03.2012 and so on. Normally, after processing the return, the refund generated is issued in due course. However, at times delays may be caused due to following reasons:-

i) wrong quoting of PAN by the assessee in the return of income,

ii) illegible recording of address in the return of income by the assessee,

iii) non- reporting of the new/ altered address by the assessee to the Assessing Officer,

iv) incorrect particulars about the bank account.

v) Challenges in verification of taxes paid or deducted due to data mismatch.

(c) As a long term measure to improve the delivery system pertaining to processing of return of income and issuance of refund, if any found due, the Income tax Department has taken several measures. Some of these are enumerated below:

i) Promoting e-filing of the returns for speedy processing. As of now it is mandatory for Corporate taxpayers and all non-corporate taxpayers, who have to get their accounts compulsorily audited u/s 44AB of the Income Tax Act, 1961, to e-file their return of Income.

ii) Centralized Processing Centre (CPC) at Bengaluru has been set up for processing of e-filed returns of the entire country and manually filed returns of Karnataka & Goa Region.

iii) Two more CPCs at Manesar and Pune are being set-up to process all the manually-filed returns. One more CPC at Kolkata is also on the anvil.

iv) Through Citizens' Charter and other press releases issued by the Department, tax payers are requested to carefully mention the relevant particulars in return of income, and especially to avoid the common deficiencies that may cause delays as mentioned above.

v) Verification of tax credit is a sine-qua-non for speedy processing. TDS deductors are required to compulsorily e-file their TDS returns on quarterly basis.

vi) To improve the fidelity of the mechanism and to reduce mismatches between deductee claims and corresponding tax deduction statement from deductors, quoting of PAN by deductors in their return has been made mandatory. For improved compliance, failure to provide PAN number to deductor now results in higher rate of TDS.

vii) Facility of viewing individual Tax Credit Statement in Form 26AS is made available to tax payers so that they can verify the TDS details before filing their return of income and take proper steps with the deductor(s) to rectify mistakes, if any.

viii) To expedite faster issue, dispatch and delivery of refunds, Refund Banker Scheme was launched and is now operational for Non-corporate tax payers all over India.

ix) Online viewing of status of taxpayers refund is available for better information dissemination.

x) Grievance Redressal Mechanism has been strengthened. Posts of Income Tax Ombudsmen have been created for taxpayers assistance.

xi) A special drive was launched by the Income Tax Department to dispose all pending refunds cases during the first half of the calendar year 2011.